

TESTIMONY to the Committee on Insurance and Real Estate

February 28, 2019

Re: Support for Raised Bill No. 7174, An Act Concerning Prescription Drugs

Ellen Andrews, PhD, Board Chair

Thank you for the opportunity to share our support for this bill and all options to make prescription drugs and health coverage affordable in Connecticut. This September the CT Health Policy will mark twenty years working to expand access to high quality, affordable healthcare for every state resident.

Raised bill No. 7174 includes some important provisions that would help moderate drug prices and limit increases. The CT Health Policy Project supports them all but urges the Committee to go farther. Drug costs in Connecticut are out of control. We can't wait for federal action. An array of substantial, bold measures at the state level is needed.

The escalating costs of prescription drugs are driving Connecticut health costs, growing faster than any other sector, squeezing out other priorities in family and government budgets. Connecticut spends more per capita on prescription drugs than all but one other state. Prescription spending rose by \$1,186 per Connecticut resident from 1991 to 2014, faster than all but two other states.¹

A powerful new tool will soon become available for states to bring prices for medications in line with their value. The nonprofit Institute for Clinical and Economic Review (ICER), where I am proud to serve on the Board of Directors, is a national leader in evaluating prices for new medications and other treatments, giving an evidence-based benchmark range of prices that represent a fair value. ICER's reports are used by Medicare, Medicaid programs (including Connecticut's), the Veteran's Administration and a long, growing list of private insurers and Pharmacy Benefit Managers (PBMs) to help control prescription costs. Responding to calls for ICER to increase the number of medications they evaluate, this fall ICER will begin publishing an annual Unsupported Price Increase report, using

¹ Chartbook: Connecticut Pharmacy Spending, CT Health Policy Project, January 19, 2018, http://cthealthpolicy.org/wp-content/uploads/2018/03/201801_drug_spending_chartbook.pdf

their systemic, evidence-based approach to help policymakers determine whether prices are justified.² A 2017 law helped New York's Medicaid program save \$175 million in FY 2017-2018 by refusing to pay more than drugs are worth.³ Using ICER's and other tools, Connecticut taxpayers could also benefit as New York's do now.

Just about a year ago, Connecticut's Healthcare Cabinet developed a set of recommended policy options to address escalating drug costs. I am honored to serve on the Cabinet and actively participated in the study. Recommendations included several options included in RB- 7174 as well as creation of a Drug Review Board to review high prescription prices and refer unjustified increases to the Attorney General for unfair trade practices enforcement, requiring manufacturers and PBMs to publicly disclose funding provided to nonprofit advocacy groups, and to study setting drug prices for the state under a public utility model.⁴

Another option proposed by the Cabinet's Education Committee deserves special attention – to reward prescribers for helping consumers make the best drug purchasing decisions. A minority of physicians talk to patients about the cost of medications they are prescribing.⁵ Physicians rate the cost of medications as the least important factor to discuss with patients. But 88% of Connecticut residents regularly taking prescriptions are worried about their ability to afford them. Half are cutting back on pills, skipping doses or not filling a prescription due to cost.⁶ Thirty five percent of Americans regularly taking drugs have never had their medications reviewed by a provider to see if they can stop any. But when they do have these conversations, most often providers can suggest a less expensive alternative.⁷ For patients who cannot afford to fill all their prescriptions, it is critical that they understand what condition each medication treats, so they understand the risks and can prioritize their purchasing. As provider payment models incorporate more quality incentives, including these

² ICER to Assess Whether the Most Significant Prescription Drug Prices Increases are Supported by New Clinical Evidence, ICER, <https://icer-review.org/announcements/icer-to-assess-whether-the-most-significant-prescription-drug-price-increases-are-supported-by-new-clinical-evidence/>

³ A Drug Cost \$272,000 a Year. Not So Fast Says New York State., New York Times, June 24, 2018, <https://www.nytimes.com/2018/06/24/health/drug-prices-orkambi-new-york.html?module=inline>

⁴ Recommendations on Pharmaceutical Cost Containment Strategies, CT Healthcare Cabinet, February 15, 2018, <https://portal.ct.gov/-/media/OHS/Healthcare-Cabinet/2018-Meetings/Cabinet-Final-Report-on-Rx-Strategies---2-15-2018.pdf>

⁵ W Hunter, et. al., What Strategies do Physicians and Patients Discuss to Reduce Out-Of-Pocket Costs? Analysis of Cost-Saving Strategies in 1,755 Outpatient Clinic Visits, Medical Decision Making (2016), 36:900-910, <https://journals.sagepub.com/doi/abs/10.1177/0272989X15626384>

⁶ Connecticut Residents Worried About High Drug Costs – Express Bipartisan Support for a Range of Government Solutions, Altarum Healthcare Value Hub, April 2018, <http://33mos02k3jgi1zuad217yk0o-wpengine.netdna-ssl.com/images/Publications/Hub-Altarum-Data-Brief-No.-1-Connecticut-v2.pdf>

⁷ Sluggish Economy forces Americans to cut corners to pay for medications, Consumer Reports, September 2012, <https://www.consumerreports.org/cro/2012/09/sluggish-economy-forces-americans-to-cut-corners-to-pay-for-medications/index.htm>

conversations is critical. The state can ensure these conversations are rewarded in state coverage programs and encourage other payers to also adopt these common-sense rewards. Payment should be based on consumer recollection of the conversations through regular surveys rather than provider self-reports. If consumers don't remember the conversations, then they aren't effective.

CT could also reduce prescription drug costs with an effective prescriber education (counter detailing) campaign, on the relative costs and effectiveness of medications. Several other states have developed campaigns offering balance to pharmaceutical sales reps with independent clinicians visiting practices with information on less costly treatment options. There is evidence that counter detailing programs can be effective in lowering costs.⁸

Other options to control drug costs include encouraging medication management by pharmacists, limiting gifts to providers from drug companies and prohibiting direct industry funding of provider Continuing Medical Education training. All these measures have been adopted by Massachusetts in their health care cost containment reforms.⁹ Additional options include expanding medication management, prohibiting misleading marketing, coupons for more costly options, samples that drive prescribing, taxing and/or regulating direct-to-consumer advertising, including adherence programs in care coordination models, and aligning with other payers and states to develop independent best treatment guidelines that are not influenced by pharmaceutical funding.

There are multiple policy options Connecticut policymakers can adopt to control out-of-control pharmacy costs. We should try them all and see what works. We can't afford not to.

⁸ The Rise of the Pharmaceutical Un-Sales Force, Forbes, April 25, 2011; Pharmaceutical strategies, National Governor's Association; K Yokoyama, et. al., Effect of Physician Profiles and Academic Detailing on Cost and Utilization of Selective Serotonin Reuptake Inhibitors, J Man Care Pharm, Jan/Feb 2002; Maine Independent Clinical Information Service, ME Medical Association

⁹ The Next Phase of Massachusetts Health Care Reform, MA General Court, 2012